



**BANYAN TREE HOLDINGS LIMITED**  
(Company Registration Number: 200003108H)



Images from top

- Banyan Tree Macau
- Banyan Tree Ungasan



**2<sup>ND</sup> QTR RECORDED A SMALLER LOSS OF S\$7.0 MILLION**

**Highlights:**

**2Q11:**

- Revenue increased 3% to S\$63.6 million; Operating Profit doubled to S\$3.6 million.
- LBR<sup>+</sup> sale: Transaction profit S\$16.7 million (56% margin); Accounting profit only S\$1.8 million (6% margin).
- Doubling of Fee-Based profit cushioned stagnant hotel and property sales operations; reduced loss by 21% to S\$7 million.

**1H11:**

- Revenue increased 6% to S\$177.9 million; Operating Profit increased 5% to S\$36.1 million.

**2Q11 Results Snapshot (in S\$' million) :**

	2Q11	2Q10	Change <sup>@</sup> (%)
Revenue	63.6	61.9	3% ↑
Operating Profit*	3.6	1.8	104% ↑
(LBT) <sup>#</sup>	(7.7)	(11.8)	35%↑
(LATMI) <sup>^</sup>	(7.0)	(8.9)	21%↑

**1H11 Results Snapshot (in S\$' million) :**

	1H11	1H10	Change <sup>@</sup> (%)
Revenue	177.9	168.2	6% ↑
Operating Profit*	36.1	34.4	5% ↑
PBT <sup>#</sup>	13.6	7.6	80% ↑
PATMI/(LATMI) <sup>^</sup>	3.0	(1.5)	nm

\* Operating Profit = EBITDA (Earnings before interest, tax, depreciation & amortization)

# PBT/(LBT) = Profit/(Loss) Before Taxation

<sup>^</sup> PATMI/(LATMI) = Profit/(Loss) After Taxation and Minority Interest

<sup>@</sup> Variances are computed based on figures to the nearest thousands to be in line with announcement in the masnet.

<sup>+</sup> Laguna Beach Resort

## NEWS



Images from top

- Banyan Tree Samui
- Banyan Tree Club & Spa Seoul

[www.banyantree.com](http://www.banyantree.com)

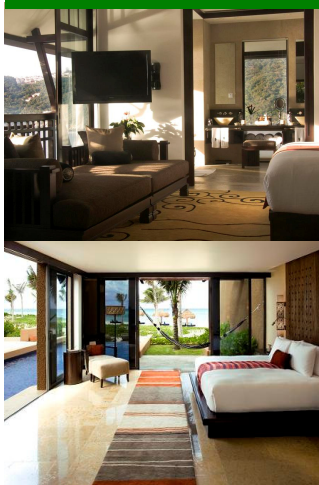
Singapore, 12 August 2011 – Mainboard-listed Banyan Tree Holdings Limited (“Banyan Tree” or the “Group”), a leading manager and developer of premium resorts, hotels, spas and galleries, announced today its 2<sup>nd</sup> quarter results.

Mr Ho KwonPing, Executive Chairman of Banyan Tree said, “We have completed the sale of LBR which yielded a transaction profit margin of 56%. However due to accounting treatment on revaluation reserve, the accounting margin is 6%. The Group’s EBITDA doubled to S\$3.6 million and net loss reduced by 21% to S\$7.0 million. 2Q is our traditional low season of the year and furthermore sales of secondary homes have almost come to a standstill. Nevertheless, our strategy to diversify the Group’s income stream through fee-based has continued to gain traction with doubling of EBITDA in 2Q. The Group is currently rebalancing its asset portfolio and raising cash for strategic investments in branded property developments in China and Vietnam. We believe this strategic repositioning will yield results within the next few years.”

The Group’s cash and cash equivalents increased by S\$90.3 million or 132% from S\$68.5 million as at 30 June 2010 to S\$158.8 million as at 30 June 2011. The increase was largely due to net proceeds received from sale of Dusit and LBR and new notes issuance in March 2011, partially reduced by dividends paid by Laguna Resorts & Hotels Public Company Ltd to its minority shareholders.

The Group’s total operating expenses for 2Q11 increased by S\$1.5 million, largely from cost of operating supplies and cost of properties sold arising from higher sales of gallery products and divestment of a development site, coupled with higher salaries and related expenses and administrative expenses, but partially offset by lower sales and marketing expenses and other operating expenses due to the cessation of Dusit and LBR hotel operations following their disposal in October 2010 and May 2011 respectively.

## NEWS



Images from top

- Banyan Tree Cabo Marques
- Banyan Tree Mayakoba

## **BUSINESS SEGMENTS REVIEW**

The Group registered revenue of S\$63.6 million in 2Q11, an increase of S\$1.7 million (3%) compared to the same period last year. This was mainly attributable to higher revenue from Fee-based segment but partially offset by lower revenue from Property Sales and Hotel Investments segments. EBITDA of S\$3.6 million in 2Q11 increased by S\$1.8 million compared to 2Q10, mainly due to higher revenue and gain on sale of LBR in May 2011 reflected in other income.

### **Hotel Investments**

Hotel Investments segment achieved revenue of S\$32.9 million in 2Q11, a decrease of 4% or S\$1.2 million compared to S\$34.1 million in 2Q10. Lower revenue was mainly from Thailand (S\$2.3 million) but partially offset by Maldives (S\$1.2 million).

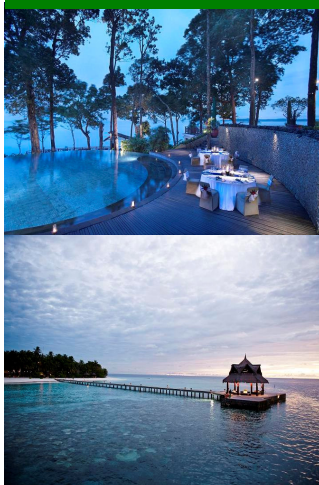
Revenue in Thailand was lower as performance in Laguna Phuket such as Banyan Tree Phuket was affected by the run up to the Thai General Elections held on 3<sup>rd</sup> July 2011. In addition, revenue from Dusit and LBR also ceased following their sale in October 2010 and May 2011 respectively. This was partially cushioned by Banyan Tree Bangkok which posted higher revenue as the property was impacted by the political riots which took place in Bangkok in April and May last year. Although performance of Banyan Tree Bangkok improved, occupancy at 56% was still below the pre-political crisis level and ARR at S\$146 was 13% lower than last year. Overall occupancy in Thailand improved by 14% points to 56%, but was offset by lower ARR by 18% to S\$177.

Our resorts in Maldives also recorded higher revenue in 2Q11 as their performances last year were affected by Icelandic ash cloud situation which affected air travel. Overall occupancy improved by 19% points to 67% but ARR decreased by 14% to US\$318 in 2Q11.

For 1H11, Hotel Investments segment revenue decreased by S\$10.8 million from S\$103.5 million in 1H10 to S\$92.7 million in 1H11. The decrease was mainly from Thailand as mentioned above but partially offset by better performance in Maldives largely contributed by 2Q11.

[www.banyantree.com](http://www.banyantree.com)

## NEWS



Images from top

- Banyan Tree Bintan
- Banyan Tree Vabbinfaru

[www.banyantree.com](http://www.banyantree.com)

Notwithstanding a lower revenue, 2Q11 recorded a lower loss from S\$2.2 million in 2Q10 to S\$1.4 million in 2Q11. This was mainly due to lower operating costs at Sheraton Grande Laguna Phuket as certain positions remained unfilled, and lower spending on repair and maintenance in view of the planned termination of hotel management agreement with Starwood Hotels & Resorts. Against 1H10, EBITDA decreased from S\$23.4 million in 1H10 to S\$19.6 million in line with lower revenue.

### Property Sales segment

Property Sales segment revenue decreased by S\$1.5 million or 18% from S\$8.1 million in 2Q10 to S\$6.6 million in 2Q11 as there was only revenue recognition for 2 units of Laguna Village townhomes. However, revenue for 2Q10 comprised 2 units of Laguna Village townhomes and 3 units of Banyan Tree Bangkok suites. The sentiments towards Thailand remain cautious and continue to affect the secondary home sales market. The shortfall was however partially offset by revenue from divestment of a development site in Yangshuo to China Fund.

There were 4 new units sold with deposits received in 2Q11 compared to deposit for 1 unit in 2Q10, an increase of 300% and 354% in units and value terms respectively.

For 1H11, Property Sales segment revenue increased by S\$12.5 million from S\$25.4 million to S\$37.9 million, largely due to divestment of development sites in Lijiang and Yangshuo to China Fund. This was however partially offset by revenue recognition for only 1 unit each of Laguna Village bungalow and Banyan Tree Phuket Double Pool villa and 2 units of Laguna Village townhomes in 1H11, as opposed to 13 units of Laguna Village townhomes/bungalow, Banyan Tree Phuket 2 bed Pool villa and Banyan Tree Bangkok suites recognized in total in 1H10.

There were 5 new units sold with deposits received in 1H11 compared to deposits for 7 units in 1H10, a decrease of 29% and 46% in units and value terms respectively.

EBITDA decreased by S\$3.4 million from S\$2.3 million in 2Q10 to a loss of S\$1.1 million in 2Q11 mainly due to lower revenue. Against 1H10, EBITDA increased by S\$5.2 million from S\$9.0 million to S\$14.2 million mainly due to profit from the sale of a development site in Lijiang in 1Q11.

## NEWS



Images from top

- Banyan Tree Ringha
- Banyan Tree Hangzhou

### Fee-based segment

Fee-based segment revenue increased by S\$4.4 million or 22% from S\$19.7 million in 2Q10 to S\$24.1 million in 2Q11 largely due to higher hotel management fees, higher fund management fees and higher revenue from spa/gallery operations.

Higher hotel management fees were mainly attributable to contributions from new resorts in Banyan Tree Samui (opened in July 2010), Angsana Fuxian Lake (opened in October 2010) and Banyan Tree Macau (opened in May 2011). Higher fund management fees were mainly due to the final close of China Fund in January 2011 with a total fund size of S\$210 million. Revenue from Gallery operation was also higher due to sales to the new outlet at Banyan Tree Spa Marina Bay Sands and upcoming outlet at Angsana Balaclava.

In 1H11, Fee-based segment revenue increased by S\$8.0 million from S\$39.3 million to S\$47.3 million. Apart from the reasons mentioned above, there were also contributions from other new resorts such as Banyan Tree Cabo Marques (opened in April 2010) and Banyan Tree Club and Spa Seoul (opened in June 2010).

EBITDA increased by S\$3.2 million from S\$3.5 million in 2Q10 to S\$6.7 million in 2Q11 and increased by S\$3.3 million from S\$5.7 million in 1H10 to S\$9.0 million in 1H11 mainly due to higher revenue.

[www.banyantree.com](http://www.banyantree.com)

## NEWS



Images from top

- Banyan Tree Al Wadi
- Banyan Tree Phuket

### New Openings and New Management Contracts

We expect to open the following 3 new resorts in the next 12 months:

- i. Banyan Tree Riverside, Shanghai, China
- ii. Angsana Hangzhou, China
- iii. Angsana Balaclava, Mauritius

Also in the next 12 months, we expect to launch an estimated 11 spas under management.

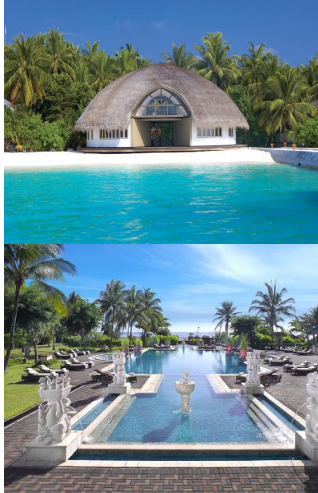
We have also signed the following new hotel management contracts in the recent months:

- i. Banyan Tree Goa, India, is located within the Sindhudurg District and is surrounded by the Arabian Sea.
- ii. Banyan Tree Signatures Pavilion, Kuala Lumpur, Malaysia is within close proximity to famed landmark building, Petronas Twin Towers.
- iii. Angsana Acapulco, Mexico is situated within a condominium development in Punta Diamante. The area of Acapulco is laced with beaches.

[www.banyantree.com](http://www.banyantree.com)



## NEWS



Images from top

- Angsana Velavaru
- Angsana Bintan

[www.banyantree.com](http://www.banyantree.com)

## OUTLOOK

Sheraton Grande Laguna Phuket is currently closed for extensive renovation and refurbishment works and shall be opened by 1 December 2011 as the Angsana Phuket. This closure will affect 3<sup>rd</sup> quarter results.

The forward bookings for 3Q11 for owned hotels in Thailand are currently 57% higher than last year and overall the Group is ahead by 18%. We continue to monitor political events in Thailand which are currently stable.

For our property sales in Thailand, sales of secondary holiday homes are expected to remain slow due to the current negative sentiments towards the country.

Given the above developments coupled with the looming global uncertainties surrounding Europe's sovereign debt crisis and still tepid economic recovery in the USA, 3<sup>rd</sup> quarter will remain challenging and possibly unprofitable considering that this will be a low season. However, we are hopeful of a better 4<sup>th</sup> quarter, it being the high season of the year.

The Group is currently rebalancing its asset portfolio and raising cash for strategic investments in new areas. Current available cash is approximately S\$150 million. The 2 private equity funds raised approximately S\$560 million. Over the next few years, we shall deploy capital for investment in branded property developments in China and Vietnam. These developments shall include 5 projects in China and an integrated resort in Vietnam. We believe this strategic repositioning will yield results within the next few years.

## NEWS



Images from top

- Banyan Tree Ungasan, Spa
- Banyan Tree Al Wadi, Gallery

### About Banyan Tree Holdings Limited

Banyan Tree Holdings Limited (“Banyan Tree” or the “Group”) is a leading manager and developer of premium resorts, hotels and spas in the Asia Pacific, with 28 resorts and hotels, 65 spas, 83 galleries and 2 golf courses. The Group manages and/or has ownership interests in niche resorts and hotels. The resorts each typically has between 50 and 100 rooms and commands room rates at the high end of each property’s particular market.

The Group’s primary business is the management, development and ownership of resorts and hotels. This is centred around two award-winning brands: Banyan Tree and Angsana. Banyan Tree also operates the leading integrated resort in Thailand – Laguna Phuket, through the Group’s subsidiary, Laguna Resorts & Hotels Public Company Limited.



BANYAN TREE

#### **BANYAN TREE HOLDINGS LIMITED**

(Company Registration Number: 200003108H)

211 Upper Bukit Timah Road Singapore 588182

Tel: (65) 6849-5888

Fax: (65) 6462-0186

Website: <http://www.banyantree.com>

[www.banyantree.com](http://www.banyantree.com)